

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7343

BILL NUMBER: SB 313

DATE PREPARED: Feb 8, 1999

BILL AMENDED:

SUBJECT: Mandatory testing of pregnant women.

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FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill requires that each pregnant woman be tested for syphilis, the antibody or antigen to the human immunodeficiency virus (HIV), and hepatitis B during pregnancy. The bill requires a physician who diagnoses a woman's pregnancy to take a sample of blood at the time of diagnosis and submit each sample to an approved laboratory for standard serological tests for syphilis, HIV, and hepatitis B. It requires a person other than a licensed physician who attends a pregnant woman, but who is not permitted by law to take blood specimens, to cause a sample of the pregnant woman's blood to be taken by a licensed physician, who must then submit the sample to an approved laboratory to test for syphilis, HIV, and hepatitis B.

This bill requires that a blood sample for syphilis, HIV, and hepatitis B tests be taken from a woman at the time of delivery if there is no written evidence that the woman was tested for those diseases during her pregnancy. The bill requires that information pertaining to the woman's testing status be included on each birth certificate or stillbirth certificate. It requires that a pregnant woman be told of all available treatment options if the pregnant woman has a positive test for syphilis, HIV, or hepatitis B.

This bill requires the individual who orders a test for syphilis, HIV, and hepatitis B to tell the pregnant woman that the purpose of the test is to protect the health of her unborn child. The bill requires that a newborn infant be tested for HIV if the newborn infant's mother has not been tested for HIV. It requires the State Department of Health to develop and distribute written materials explaining treatment options for individuals who have a positive test for syphilis, HIV, or hepatitis B. It provides that all records and reports of testing are confidential. The bill repeals laws pertaining to voluntary HIV testing for pregnant women.

Effective Date: July 1, 1999.

Explanation of State Expenditures: (Revised) *Impact on Medicaid Program:* This bill requires each pregnant woman to be tested for HIV and Hepatitis B. The bill requires the newborn to be tested if the mother has refused to be tested. There would be a fiscal impact to the state for women and newborns who are Medicaid eligible. It is estimated that in 1996, there were 35,000 pregnant women who were Medicaid eligible. It is also assumed that one-third of these women and newborns are enrolled in the Medicaid risk-based managed care (RBMC) program for which the testing costs would be covered under a capitated rate. Two-thirds of the individuals, however, receive Medicaid services under the Primary Care Case Management (PCCM) system, which is a modified fee-for-service system. Therefore, Medicaid will be responsible for an estimated 23,450 HIV and Hepatitis B tests under the PCCM system. The state share of Medicaid is about 38.69%.

It is assumed that the cost of the initial HIV test is \$12.50, with the state share being \$4.84. If all of the 23,450 women or newborns are tested, the state share of the HIV test would be \$113,498 (23,450 x \$4.84). If an individual tests positive on the initial test, the test will have to be administered a second time. It is estimated that 37 babies were born with HIV in 1996 in Indiana. Using the percentage of Medicaid babies to total babies born, it is estimated that 16 Medicaid eligible pregnant women or newborns could need to be tested a second time. The cost of the second test to the State would be \$77 (16 x \$4.84). If the test is positive a second time, the Western Blot test is used to determine HIV positive status. The cost of the Western Blot test is estimated to be \$123.07 with the state share being approximately \$48. The cost to the state to test the 16 estimated HIV positive pregnant women or newborns is estimated to be \$768 (\$48 x 16). The total estimated state share of testing Medicaid eligible pregnant women or the newborn babies would be approximately \$114,343.

Recent medical research has determined that administering the drug zidovudine (ZDV, formerly known as AZT) during pregnancy and childbirth could reduce by two-thirds the chance that an HIV positive mother would give birth to an infected child. If the HIV positive Medicaid eligible women are treated during pregnancy, there could be a reduction in the number of Medicaid eligible babies with HIV offsetting some of the expenditures for testing.

It is assumed that the cost of the Hepatitis B test is \$48, with the state share of the cost being \$18.57 (\$48 x 38.69%). If all of the 23,450 women and newborns are tested, the state share of the cost of the Hepatitis B test would be \$435,467.

About one-third of the Medicaid eligible women and newborns are enrolled in the risk-based managed care program for which the testing costs would be covered under a capitated rate. While there is no short term impact to the state for the individuals in the risk-based managed care program, increased costs would likely lead to higher capitation rates in the future.

Impact on State Employee Health Plans: The initial costs to the state employee health plans from the testing required by this bill is estimated to be about \$71,000 per year (about \$15,000 for HIV testing and \$56,000 for Hepatitis B testing). These estimates are based on 37,630 employees on the state plan and a fertility rate for Indiana of 62.4 per 1,000 women between the ages of 15 and 44. Increased costs to the health plans may be reflected in increased premiums and enrollment fees charged by the plans. Increased premiums and fees, however, may or may not result in additional costs to the state, depending upon administrative action as to the determination of the employer/employee cost share for health plan benefits. The state pays, in the aggregate, about 95% of state employee health plan costs.

Impact on State Department of Health: The bill also requires the State Department of Health to develop written materials that explain the treatment options available to an individual who has tested positive for HIV.

The written materials are required to be distributed to physicians statewide. The cost of developing and distributing these materials can be absorbed within the existing budget.

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding federal reimbursement in the cost-shared Medicaid program.

Explanation of Local Expenditures: (Revised) Similar to the state, increased costs to health plans that lead to increased premiums and enrollment fees may or may not result in additional costs to local governments and school corporations, depending upon administrative action as to the determination of the employer/employee cost share for health plan benefits offered to employees. The impact on local units of government and school corporations would differ by local unit and the particular benefit plan currently provided to employees.

Explanation of Local Revenues:

State Agencies Affected: All, Family and Social Services Administration, State Department of Health.

Local Agencies Affected: Local Governments and School Corporations

Information Sources: Carroll Causeway, Indiana State Medical Association, State Department of Health, Institute of Medicine's report on Prenatal Testing for HIV.